

March 25, 2015

Finance Committee
United States Senate

Re: Individual Income Tax; American Overseas – Input to Senate Finance Committee

Ladies and Gentlemen,

Thank you very much for your solicitation of input from Americans on how to address fundamental issues in our individual taxation system for United States Citizens and Residents.

I write to you as a United States citizen that resides outside of America. I have resided in Canada since 1956 when I was two years old. I became a Canadian citizen in 1973 and for the next thirty years believed that I was no longer a US citizen.

There are two issues that are critical to me as an American residing overseas:

- Repeal of FATCA (Foreign Account Tax Compliance Act)
- Residence-based Taxation

I know others are providing more detailed submissions with more detailed analysis on these issues so I thought I would just provide you some concrete example of how FATCA and residence-based taxation has significantly negatively impacted my life.

Apparently, because I live abroad and have done so for all of my life, I am a second-class citizen of the United States of America. I am not allowed to use any of tax-savings programs that residents within the USA may use, nor may I use those equivalent programs in Canada (except for the RRSP). I am not allowed to invest in Canadian mutual funds because they are suspicious PFICs instead of something very similar to what are available to US residents. I can experience a substantial capital loss in Canadian funds, but because of the fluctuating exchange rate, be perceived by the US to have actually received a gain – I can be taxed on a loss! Accordingly, it is extremely difficult for me to manage my retirement savings here in Canada – there is no point in taking advantage of any Canadian tax-savings programs because they are simply ignored by the US and any tax-savings are grabbed by the US.

I am unable to live a reasonable life with reasonable opportunities to manage my finances as I would IF I lived within the United States. Why should I be penalized because I live abroad? If I had lived my life within the United States I could have saved more money for my retirement, saved money for my children's education, got tax breaks for supporting my children's education and been able to manage a trust for a family member. Instead I am penalized, just for living abroad.

As well, FATCA is an incredible violation of my privacy. If I lived within the USA borders, you would not allow this violation. Canada has chosen to also treat me as a second-class citizen

because they have chosen to collect and send you my private financial information even though it violates Canadian privacy laws. I am certain that you will not agree to send the Canadian government similar information about dual citizens living within the USA since it would be a violation of their privacy. But violation of my privacy, and the possibility that I won't be able to keep my bank accounts here in Canada, is of little concern to the US government. Because I live abroad, I'm a second-class citizen and simply don't matter.

The USA used to reject its citizens who became citizens of other countries, now it penalizes not only dual citizens but any of its citizens who choose to live abroad, including those who are accidental US citizens. Other democratic countries do not do this – why does the United States of America?

To top it off, the US has also chosen to make it extremely difficult for US citizens living abroad to renounce their citizenship. These US citizens simply want to live like others in their off-shore country, just as Americans living within the US are able to. Why does the US so hate their citizens who live abroad?

I believe that FATCA should be repealed in its entirety. I believe that long-term residents of other countries should not be penalized by the US. Citizen-based taxation as a principle should be revoked and the United States should move to residence-based taxation.

Sincerely,

Wendy Bergerud